

PUBLIC PROTECTION CABINET

Department of Insurance

Division of Health Insurance Policy and Managed Care

(Emergency Amendment)

806 KAR 17:180E. Standard health benefit plan.

RELATES TO: KRS 304.17A-080, 304.17A-250

STATUTORY AUTHORITY: KRS 304.2-110(1), 304.17A-250(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110(1) authorizes the Executive

Director of Insurance to promulgate administrative regulations necessary for or as an aid to the

effectuation of any provisions of the Kentucky Insurance Code as defined in KRS 304.1-010.

KRS 304.17A-250(1) requires the Executive Director of Insurance to define by administrative

regulation one (1) standard health benefit plan. EO 2008-507, effective June 16, 2008, established

the Department of Insurance and the Commissioner of Insurance as the head of the department.

This administrative regulation establishes one (1) standard health benefit plan that may be

offered by an insurer [~~provide health insurance coverage~~] in the individual and small group

markets and establishes procedures for modifications to the standard health benefit plan.

Section 1. Definitions. (1) "Department" means the Department of Insurance.

(2) "Health Insurance Advisory Council" means the body established in accordance with KRS

304.17A-080.

~~[(2) "Office" is defined in KRS 304.1-050(2).]~~

(3) "Standard health benefit plan" means the format, cost-sharing levels, definitions, benefits, exclusions, and supplemental benefit riders:

(a) Established by the department [~~office~~] in accordance with KRS 304.17A-250 and any other health insurance benefit mandated by the General Assembly; and

(b) Included in the Kentucky Standard Health Benefit Plan, HIPMC-SP1.

Section 2. Modification Process. (1) The standard health benefit plan shall remain in effect until the plan or any form is modified in accordance with the procedures established by this section.

(2) The standard health benefit plan may be modified each year and each modification shall apply to each policy or certificate issued or renewed on or after July 15.

(3) A person wishing to make a recommendation for modification of the standard health benefit plan shall:

(a) Submit the recommendation, in writing, to the Kentucky Department [~~Office~~] of Insurance, Division of Health Insurance Policy and Managed Care, by May 1 of the year preceding the year in which each modification is recommended for implementation;

(b) Explain the need for each recommended modification; and

(c) Provide a statement regarding the cost effect of each recommended modification.

(4) Prior to July 1 of each year:

(a) The department [~~office~~] shall present each recommendation for modification received pursuant to subsection (3) of this section to the Health Insurance Advisory Council for consideration;

(b) The Health Insurance Advisory Council shall review and discuss each recommendation for modification of the standard health benefit plan in accordance with KRS 304.17A-080(3);

(c) The Health Insurance Advisory Council shall make a final recommendation for modification of the standard health benefit plan based on the recommendations presented by the department [~~office~~] pursuant to paragraph (a) of this subsection; and

(d) After considering the final recommendation for modification from the Health Insurance Advisory Council, the department [~~office~~] shall either accept or decline, in writing, to modify the standard health benefit plan.

(5) Each insurer issuing, delivering, or renewing a standard health benefit plan shall:

(a) Implement each modification to the standard health benefit plan prescribed by the department [~~office~~]; and

(b) Amend each policy form and rate filing to include modifications [~~every modification~~] to the standard health benefit plan.

Section 3. Incorporation by Reference. (1) "The Kentucky Standard Health Benefit Plan, HIPMC-SP1", (7/2008)[~~(10/2007)~~] is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Department [~~Office~~] of Insurance, 215 West Main Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

(3) Forms may also be obtained on the department's [~~office's~~] Web site at <http://doi.ppr.ky.gov/kentucky/>.

READ AND APPROVED:

John Burkholder, Acting Commissioner
Kentucky Department of Insurance

Date

Robert D. Vance Secretary
Public Protection Cabinet

Date

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

806 KAR 17:180E Contact Person: Melea Rivera

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation defines the standard health benefit plan and establishes procedures for modifying the standard health benefit plan.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to comply with KRS 304.17A-250(1), which states that the executive director shall define one standard health benefit plan, and to clarify the process for alterations, amendments, and replacements to the standard health benefit plan.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110(1) authorizes the executive director to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, as defined in KRS 304.1-010. KRS 304.17A-250(1) states that the executive director shall define one standard health benefit plan. This administrative regulation defines “The Kentucky Standard Health Benefit Plan, HIPMC-SP1” (7/2008), which is incorporated by reference in this administrative regulation.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation aids in the effectuation of the statutes by defining the standard health benefit plan pursuant to KRS 304.17A-250(1) and by establishing procedures for recommending any annual modification to the standard health benefit plan.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment will update the incorporated materials, clarify several provisions and comply with the requirements of KRS 13A, implement recommendations from the Health Insurance Advisory Council, as authorized in KRS 304.17A-080, and comply with 2008 Ky. Acts ch. 107, 119, and 169.

(b) The necessity of the amendment to this administrative regulation: 2008 Ky. Acts ch. 107 requires an insurer offering health benefit plans to provide coverage for all colorectal cancer examinations and laboratory tests as specified by the American Cancer Society’s guidelines. 2008 Ky. Acts ch. 119, sec. 4 requires insurers offering health benefit plans to provide coverage for therapeutic foods, formulas, supplements and low-protein modified foods for the treatment of inborn errors of metabolism or genetic conditions. 2008 Ky. Acts. ch. 169, secs. 8 and 9 require an insurer to offer policyholders the option to purchase additional dependent coverage. Since the 2007 version of the standard health

benefit, which is incorporated by reference in this administrative regulation, does not offer these provisions, an amendment is necessary.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.17A-250(1) allows the commissioner to amend the standard health benefit plan annually. KRS 304.17A-080 requires the Health Insurance Advisory Council to review and discuss the design of the standard health benefit plan. This amendment revises the material incorporated by reference in conformance with recommendations from the Health Insurance Advisory Council and with 2008 Ky. Acts ch. 107, 119, and 169.

(d) How the amendment will assist in the effective administration of the statutes: This amendment incorporates requirements of laws enacted by the 2008 General Assembly and defines one (1) standard health benefit plan.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: A change during the 2004 legislative session removed the requirement for all health insurers to offer the standard health benefit plan; therefore, the Kentucky Department of Insurance estimates that this administrative regulation will affect the Kentucky Access program and approximately five (5) Kentucky health insurers offering health benefit plans in the individual and small group market. Approximately 13,000 individuals are covered under a standard health benefit plan.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The Kentucky Access program, which uses the standard health benefit plan as a basis for its plan options, and insurers offering the standard health benefit plan will be required to amend policies and certificates of coverage and modify computer systems, as necessary.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The Kentucky Access Program and health insurers impacted by this administrative regulation routinely amend their plans yearly to comply with changing federal or state laws and approximately 13,000 individuals are covered under this plan; therefore no significant costs are expected.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The insurers' policies and certificates of coverage will be in compliance with 2008 Ky. Acts ch. 107, 119, and 169 and this administrative regulation.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: Costs of implementing this administrative regulation on an initial basis are believed to be minimal, if any, for the Department of Insurance.

(b) On a continuing basis: Costs of implementing this administrative regulation on a continuing basis are believed to be minimal, if any, for the Department of Insurance.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation? The source of funding to be used for the implementation and enforcement of this administrative regulation will be the budget of the Department of Insurance.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This administrative regulation will not require an increase in fees or funding.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not directly or indirectly increase fees.

(9) TIERING: Is tiering applied? (Explain why tiering was or was not used) No. Tiering is not applied because this administrative regulation applies equally to all insurers offering the standard health benefit plan and Kentucky Access.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 806 KAR 17:180E

Contact Person: Melea Rivera

1. Does this administrative regulation relate to any program, service, or requirements of a state or local government (including cities, counties, fire departments, or school districts)?

Yes X No

If yes, complete questions 2-4.

2. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

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3. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 304.2-110(1) authorizes the commissioner to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, as defined by KRS 304.1-010. KRS 304.17A-250(1) requires the commissioner of insurance to define by administrative regulation one (1) standard health benefit plan that may provide health insurance coverage in the individual and small group markets. 2008 Ky. Acts ch. 107, 119, and 169 created new and amended existing laws relating to coverage by insurers. This amendment to a regulation will include this coverage in the Kentucky Standard Health Benefit Plan, which is incorporated by reference in the administrative regulation.

4. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

No revenue for state government will be generated as a result of this administrative regulation.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

No revenue for state government will be generated in subsequent years as a result of this administrative regulation.

(c) How much will it cost to administer this program for the first year?

Costs of implementing this administrative regulation on an initial basis are believed to be minimal, if any, for the Department of Insurance.

(d) How much will it cost to administer this program for subsequent years?

Costs of implementing this administrative regulation in subsequent years are believed to be minimal, if any, for the Department of Insurance.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

DETAILED SUMMARY OF AMENDMENTS TO INCORPORATED MATERIAL

806 KAR 17:180E: Standard health benefit plan

Contact person: Melea Rivera

(1) The amendment to 806 KAR 17:180 incorporates the 2008 edition of “The Kentucky Standard Health Benefit Plan, HIPMC-SP1” (07/2008), which contains changes from the 10/07 edition summarized as follows:

- (a) All fifty-eight (58) pages are modified in the lower right corner to reflect the current edition.
- (b) Page one (1) was amended to change “office” to “department.”
- (c) Page two (2) was amended to clarify that ending text was a note.
- (d) Page seven (7) was amended to correct a misplaced word.
- (e) Page ten (10) was amended to add language to clarify the Hearing aid benefit to be consistent with the language used to describe this benefit in the schedule of benefits on page eight (8).
- (f) Page seventeen (17) was amended to revise the dependent definition to comply with 2008 Ky. Acts ch. 169, secs. 8 and 9 and to be consistent with the language of total disability on page two (2).
- (g) Page thirty (30) was amended to incorporate language in the preventive services section to comply with 2008 Ky. Acts ch. 107.
- (h) Page thirty-four (34) was amended to clarify the home health care benefit and to conform to KRS 304.17-313, KRS 304.18-037, KRS 304.32-280, and KRS 304.38-210.

(i) Page forty (40) was amended to delete the benefit for inherited metabolic disease and add a benefit for treatment of inborn errors of metabolism and genetic conditions to comply with 2008 Ky. Acts ch. 119, sec. 4.

(j) Page forty-five (45) was amended to clarify the exclusion for nutritional services to conform to the requirements of 2008 Ky. Acts ch. 119, sec. 4.

(k) Page forty-six (46) was amended to add language regarding the disclaimer regarding dependent coverage as required by of 2008 Ky. Acts ch. 169, secs. 8 and 9.

(2) The total number of pages that the Department of Insurance has incorporated by reference is fifty-eight (58).